

PURCHASE OF SERVICE CREDIT/REPAYMENT OF REFUNDS

DEFINITIONS

1. **Back Contributions** – Mandatory contributions payable for service and salary rendered in a covered position within the ATRS look-back period.
2. **Private School Service** - As defined in **A.C.A. § 24-7-607**, additionally, employment under the Head Start Programs will also be considered private school service and will have the same requirements for the issuance of teaching licenses by the Arkansas State Department of Education.

GENERAL

The Arkansas code sets forth the service purchases available and the cost mechanism to be used in service purchases. The various types of service that can be purchased and the definitions for these are in the code. Unless greater explanation is required, the code's provisions are self-effecting without the need to be placed in the policy.

Actuarial cost for purchase of service does not include adjustments to salary and service that are made in order to properly reflect the member's mandatory salary and service records. In addition, the actuarial cost of service does not apply to free military service credit that is established with ATRS.

The actuarial cost for purchase of service shall use the member's highest salary year as the formula's "base year." The base year shall always be the member's highest salary year unless the highest salary year is more than 150% greater than the next highest salary year; in that case, the best two salary years shall be added together and divided by two to establish the base year for the formula.

If a member does not have sufficient full service years to establish the base year for the purchase formula, then each partial year's service percentage shall be divided into each partial year's salary to establish a full year salary from the partial year salary to determine the base year for the formula.

Salaries for actuarially purchased service shall not be used in the calculation of final average salary except for repaid refunds for mandatorily reported service within the refunded service.

All actuarially purchased service, shall be purchased as contributory.

Members seeking to purchase service with ATRS shall use forms developed by ATRS staff to establish the service.

All service purchases must be accompanied by a service purchase commitment statement. Once the service purchase stated on the service purchase commitment statement is paid in full, the service purchase is final and may not be cancelled by the member.

If an active member with an active purchase account dies, the member's spouse, ATRS beneficiary, or legal representative shall have up to six (6) months to pay the balance of the purchase account. If the purchase account is not paid in full within six (6) months of the date of death, the purchase account is cancelled and any payments shall be treated as part of the member's residual account balance. ATRS may extend the six (6) month period for good cause shown.

SPECIAL PROVISIONS FOR THE REPAYMENT OF REFUNDED MEMBER CONTRIBUTIONS

1. To be eligible to repay a refund, a person must be an active member of the System. A person who has received a refund may reestablish active membership by completing forty (40) days or more after reemployment by an ATRS covered employer.
2. A member must purchase the total credited service forfeited by the refund in order to purchase the refunded service.
3. If a member has received more than one refund, repayment must be made in inverse order. The most recent refund account must be paid in full before a previous refund account can be purchased.

Adopted:	June 15, 2004
Amended:	April 26, 2007
	July 1, 2011 (Emergency)
Adopted:	August 8, 2011
Effective:	November 11, 2011
Approved by Board:	February 6, 2012
Amended:	April 18, 2012
Effective:	May 29, 2012